

The state of transportation in cities

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Mike Warren: It's Ephrata

Emma Shepard: Ephrata, okay that's what I thought—I was thinking, "I'm afraid of the dark."

MW: I was afraid of that.

ES: This is the CityVoice Podcast, where we explore the issues that impact Washington cities. My name is Emma Shepard.

Brandy DeLange: And my name is Brandy DeLange. Let's talk about city transportation systems. And before you tune us out—let me just say: city transportation systems impact everyone, and because of cities' backlog of maintenance and preservation, we're facing a potentially a dire situation and we need your help.

ES: We'll tell you how a little later, but first...some background. The state's transportation system is a decentralized network managed by many different jurisdictions including cities, counties, the state, and tribal nations.

BD: In the last year, city streets accommodated 26 percent of statewide vehicle miles traveled. And cities are responsible for transportation assets that include 25,000 lane miles of streets, sidewalks, bicycle infrastructure, some state highways, transportation infrastructure, utilities, and the natural environment.

ES: How do cities pay for it? Cities largely fund their transportation systems locally, 79 percent of funding comes from local general revenue and local transportation-revenues, like transportation benefit districts; that funding is bolstered by state resources, which account for about 13 percent of local funding; and federal resources account for about 8 percent.

BD: However, cities across the state are experiencing the consequences of structural budget deficit—the price of goods and services to maintain and preserve existing infrastructure is becoming more costly, while city transportation revenue is capped at a growth factor less than the rate of inflation. That means, over time—it costs more to fund fewer repairs.

ES: Unfortunately, the pandemic has only exacerbated this funding gap, last year 60 percent

of cities predicted a significant decrease in fuel tax revenue; 68 percent of cities cancelled or postponed capital projects; and 56 percent of cities reported using capital reserves to meet transportation funding deficits.

BD: Furthermore, the Joint Transportation Committee (JTC) recently found that in the next ten years, cities will need to spend 20-28 billion dollars to maintain and improve our transportation assets. JTC also reported that funding levels across all jurisdictions are less than half of what is needed, without even considering the growing backlog of deferred maintenance and preservation projects. This analysis does not factor in the fiscal impact of the COVID-19 economy.

ES: So, what do we do with this information? We know that local transportation systems are dramatically underfunded. Plus, the state transportation budget is predicted to see revenue shortfalls over the next five to ten years— and where does that leave cities?

BD: Well—we know that some of the greatest innovations come from the most trying of times. Right now, cities are stepping up to the plate to fund their transportation systems and enhance residents' connectivity to public goods. But they're doing it in ways that make most sense for their community and local economy.

ES: For instance—let's look at the City of Bainbridge Island. The city sees anywhere between 25,000 and 35,000 tourists per year, and many of these tourists visit the small, vibrant downtown core of the city. Visitors park their cars along downtown streets and commercial lots, but often, parking spills into neighboring residential areas during the city's peak tourism season.

BD: Given the number of visitors and the impact their travel has on the city's transportation infrastructure, the city council voted to administer a commercial parking lot tax. Commercial parking lots are subject to the city's 30 percent parking lot tax and are used strictly for transportation purposes (as mandated by the local option transportation revenue laws in RCW 82.80). In 2019 alone, the city collected more than 1 million dollars in revenue.

ES: This revenue supported basic transportation maintenance and preservation that was otherwise

an unmet need. For Bainbridge, this meant funding popular things like sweeping street waste, vegetation control, bike lanes, and sidewalks. These critical components ensure that visitors *and* residents have safe and reliable access to move throughout the community.

BD: The City of Bainbridge Island is not alone in their endeavor to identify local revenue options to support their community's transportation needs. We know that many cities rely on Transportation Benefit Districts to support their community's transit needs. TBDs can be administered as a 0.2 percent sales and use tax increase or an additional \$20 vehicle license fee.

ES: Because cities across the state have varying levels of economic activity, what makes sense for one city won't work as well in another. For example, in a town like Eatonville, an additional sales tax doesn't raise the revenue needed to support the residents' needs. That's why Eatonville administers a \$20 vehicle license fee. This allows the town to provide transportation improvements including construction, maintenance, sidewalks, and operation costs.

BD: These revenue options support both small and large cities alike—regardless of population, cities get creative with the tools they have at hand.

ES: Let's hear from the City of Tacoma on their transportation funding initiatives.

Josh Diekmann: My name is Josh Diekmann, I am the City Traffic Engineer for Tacoma. As City Traffic Engineer I help to deliver transportation services to the city, and I manage transportation planning and traffic operations for the city.

ES: Josh joined us and told us about a reorganized effort to pass a local transportation ballot measure in 2015 that had previously failed in 2013. Here he is describing how they did it and what projects it funds.

JD: There was a need for additional transportation funding and there was a select gap between available funding and the need was a driving force for the ballot measure in 2013 and community surveys in Tacoma had consistently identified road conditions is one of the biggest concerns. The measure in 2013 was intended to address those concerns and close the funding gaps. There was some recognition that it would be a challenge to pass a ballot measure because Tacoma's voters

hadn't passed anything for road funding since 1968 and ultimately, even though there was some support in 2013, it also faced some opposition and it didn't pass, as you mentioned. There were several reasons for that, and I think addressing those ultimately led to the success of the two measures that were on the ballot in 2015. The first factor was a commitment to transparency, so the city placed transportation funding in a dedicated street fund, and this helped with some of the fear that funding wouldn't go to what voters intended. Additionally, the 2015 measures were time-limited and expired in 10 years as opposed to the original measure which was open-ended. I think one of the important factors in success was also that the 2015 measures were more ambitious, and this made it easier for voters to see that they might see some benefit to them in a nearer-term timeline. We committed that in the 10-year horizon that we would commit to touching 70% of the streets within Tacoma. And so, for most people that let them see that something that you know, a roadway that was on their street or one that they would use every day was likely to be improved as part of the process. Finally, I think one of the important factors was that the Mayor and others spent time ensuring that there was a coalition of support in 2015 and she worked with the Chamber and the business community to make sure that they were supportive.

JD: One of the successes, is the amount of maintenance we've been able to perform, and that the community can see projects happening. The city maintains a web page that shows completed, ongoing and upcoming work that's funded by the streets initiative packages. And that lets people see the progress that's being made around the city and importantly also allows people to see that even though we might not touch the street they live on with this round of funding, we're probably making improvements on a street that they use. In addition to street maintenance, the initiatives have provided a stable source of funding that the city can leverage into grants for much larger projects. Most of the road projects the city constructs rely on grants and in Tacoma, like other agencies, we participate in multiple grant competitions every year. Every one of those grant programs require some kind of matching local funds, or at least nonfederal matching funds, and that amount usually ranges between about 15 to 50% of the project costs. And the city's ability to leverage our local funds into much bigger projects has represented an enormous return on investment to the community and we've had some really significant historical success in getting those grants. The streets initiative funding

that came from the ballot measures has allowed us to have a predictable and dedicated source of funding that can be used for those grant competitions. And the grant applications that we've submitted using streets initiative funds over the first five years or so of that streets initiative have resulted in over \$70 million in grants being awarded to the city so far. So just since we're at about the halfway point we're already ahead of the \$120 million estimate that we had in 2015 and we think that we're going to bring millions more and outside funding to a community than we expected.

ES: The city of Tacoma is also coming to the end of its first 10-year voter-approved cycle for the city's adopted sales tax TBD. With the ballot measure coming up in a few years, Josh describes how the city is preparing for it.

JD: The thing that we're doing right now to prepare for the next measure is really just to deliver on the promises that were made in the original ballot measure and to show voters that we can be good stewards of their money, and I think that was one of the benefits of having the 10-year horizon on the original ballot, that we can, we can prove that success. I think that we're doing a very good job so far with both the maintenance progress that we're making and the grants that we're obtaining and constructing. Right now, there isn't a contingency plan so if another ballot measure is unsuccessful, it would be a very significant impact to transportation funding in the city.

ES: When talking about Tacoma's legislative priorities, Josh makes the important distinction that transportation is closely connected to other city issues.

JD: Even when we look at many of the other major challenges facing the city like housing affordability; transportation plays a huge issue in overall affordability and livability in the community. Because of that, many of the legislative priorities for Tacoma's councils are focused on transportation. I think one of the things that Tacoma would like to see is that state programs that offer grants to local agencies such as freight, safe routes to school, and ped/bike grants are well supported and that those programs are expanded to keep up with demand. The city would also be a voice of support for the continued exploration of funding that will help address the growing impact of a declining gas tax. And we also know that local agencies have a role to play in funding transportation needs and Tacoma would like to see more funding tools made available

to local agencies. Including Councilmanic authority so that local agencies can be responsive to changes in the funding climate. You know, like we've seen over the past couple of years when sales tax revenue fluctuates with the economy it's important that council has the opportunity and the ability to react to those changes and, more importantly, perhaps it also gives each local agency the ability to make sure the funding tools that they choose to use are the ones that are the best fit for their community.

JD: And I think that the transportation funding needs are large and complex, and I think having a variety of tools at each agencies' disposal is really important, and in a lot of cases, especially for larger projects. We have to cobble together funding from a lot of different sources and making sure that we've got a variety of options, including some of the larger state and federal funding opportunities is really important to making sure that we can meet the demands of our agents.

ES: Next, we move on to the City of Ephrata in Eastern Washington to hear about TBD funding in a smaller community.

Mike Warren: I'm Mike Warren, I'm the City Administrator for the city of Ephrata. We're about 17 miles north of Moses Lake. We have a, actually we have a fairly large footprint, the city is incorporated (part of the city) is 10 square miles so we have quite a large area for 8,200 people. And that has created some issues as far as transportation because of, you know, 10 square miles—you can have a lot of streets that requires maintenance on those streets and that was what brought us to the TBD.

MW: We chose to go with the TBD because Ephrata is not a wealthy city it's a working-class community and with a little tax base. What we did was we actually prepared the citizens for the vote by having town hall meetings and press coverage and we had some public meetings just to inform the community as to what we planned on doing with this to tax money. Taxes are really important to them, and we made a commitment that we were going to be transparent, and we were going to tell them exactly what we're going to do with it, so that they can make an informed decision as to whether or not they were going to support us.

MW: And I think one of the main lessons that we would share with anybody that would be interested in doing a TBD is to be honest and once you say

that you're going to do it, do it! Because our citizens have been very, very supportive of us—when a lot of other locations were having issues with getting a TBD passed (or any taxes, for that matter) our citizens have been very, very supportive. And we told them that what we were going to do is we were going to do some preventive maintenance, so we're doing crack failing, and pothole repairs, and we were going to be also doing some paving and projects. And that 10% of it was going to be going to future projects which we have used for matching funds as a matter of fact, this last year, we did several streets in town.

ES: Mike then addressed the two reasons why the city chose to use TBD authority over other types of funding options.

MW: The reason for that it is twofold, actually. One is—one option, obviously, would be to go to the loans, which means you have to pay interest on it. Another reason for it is, quite frankly, we just didn't have the taxing structure and fee structure that would support maintaining the streets that we have. So we felt that we needed to ask the voters: Do you want to have the streets repaired and maintained? And, if so, are you willing to pay for it? And they overwhelmingly said yes.

MW: I'll give you an example, we have several streets in the southeast section of town that were really broken up and the citizens were complaining about that and we were able to use the funds from the TBD to resurface the streets this year, and they were all excited about it. And we have a sign that we put out there just letting everybody know that this is their tax dollars at work and we actually had a number of residents call into the city and praise us for the work that was done.

MW: We're going to prepare for another 10-year authorization. What we do is, we have a three-year plan, and we update that every year. And on that we list the proposed projects and try to maintain our streets, so that we don't have major potholes and breaking up of the concrete. We anticipate to continue on doing that and basically that's what, you know, that's what we're looking at doing.

ES: Mike finished off his discussion by giving some good advice to other cities on how to gain public support for passing their own TBD ballot measures.

MW: What I would suggest is first of all, is to justify the need to the public. And you can do that through town hall meetings, you know, one of the things

that we did before we got into the TBD is we had a blue-ribbon committee that made up of members of the community—had them prioritize some of the issues and concerns we have in the city, you know, wasn't just us telling the citizens what we're going to do. They had a voice in it, and then, once we went forward and did the TBD, we followed up on those suggestions—and we kept our word. And I think that what's really good about that is, is that you know we've had some other taxing issues that have come up since then and we've had the support of the community because they know that we're going to do what we told them that we're going to do.

MW: The key—whether it's a TBD or any other taxing thing—is to have the support of the citizens and the best way to do that is just to inform them, to be transparent and don't be afraid to answer some tough questions and then, once you know they take a chance on you it's important that you follow through and do what you said you're going to do. And that it's, you know, it's a great relationship with your citizens that way.

ES: So, why do these things matter, and why is it important for cities to have this local revenue flexibility? If cities primarily fund their transportation systems locally, what do they need to meet the growing backlog of projects?

BD: Eatonville, Bainbridge Island, and Tacoma all highlight the effectiveness of local revenue options to fund their transportation systems. City leaders know their community best and are best suited to identify the options needed to support local transportation improvements. And frankly, this is why we're advocating for a new transportation revenue package—not just for expanded competitive grant programs, but also for the package to incorporate long-term local revenue options to support basic city transportation systems.

ES: While hopes of a transportation package never materialized in the 2021 session, legislators and stakeholders alike are hoping to see conversations resume in the coming months. Waiting too long to act could significantly impact the feasibility of a transportation package passing in the next session, and it could cause negotiations to bleed into the 2023 session or beyond. We need the next revenue package to include significant and permanent financial support for basic maintenance and preservation of our existing infrastructure. We know the gas tax distributions to cities rely on a statutory

formula, and these distributions reflect our current economic conditions—fewer people are traveling due to stay-at-home orders, which directly impacts fuel consumption, ridership fares, and toll collections. In fact, ridership on public transit is less than a third of what it was pre-pandemic!

BD: We also need this revenue package to include grant and loan opportunities for cities to invest in equity-based multimodal projects and culvert removal. Cities often say that TIB and FMSIB funds are critical to completing capital projects—these funds account for anywhere between **30 and 60 percent** of our smallest cities' transportation budgets. Fully funding these programs means that cities can support all road users—including pedestrians, drivers, and cyclists—regardless of ability. Funding these programs also means that cities can participate in the coordinated, comprehensive effort to address fish passage barriers.

ES: We are grateful for the stakeholder feedback opportunities that many of our legislative champions have provided (like Representative Fey and Senator Hobbs), and we encourage our cities to continue to participate in the feedback process! We said we'd come back to it—so, here's how we can use your help:

BD: Call your legislators, schedule a “zoom” coffee, and provide feedback on transportation legislation. Thank you for your continued engagement in the process to pass a transportation package. Together, we can tell the state to pass a transportation revenue package that works for cities.

ES: That's it for the CityVoice podcast. Thanks for listening. This podcast is produced by the Association of Washington Cities. For more information, visit our website at wacities.org.